



STATE BOARD OF EQUALIZATION

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DOUGLAS D. BELL  
Executive Secretary  
No. 80/68

April 24, 1980

TO COUNTY ASSESSORS, COUNTY COUNSELS,  
AND OTHER INTERESTED PARTIES:

PROPERTY TAXES RULES 1022, 1026, and 1027--TIMBER TAXES

Attached is a notice of public hearing to be held June 25, 1980, at 2:00 p.m., in Room 102, 1020 N Street, Sacramento, California, on Rules 1022, Standard Unit of Measure; 1026, Timber Owner; and 1027, U.S. Forest Service Timber Volumes.

Rule 1022 is being amended to provide for use of a conversion factor where volumes attributable to long log scaling must be converted to Scribner Decimal C (Short Log) Scale (subsection (c)(3)). It is also being amended to indicate, however, that the Scribner Decimal C (Short Log) Scale is to be used whenever possible (subsections (a) and (c)(3)).

Rule 1026 is intended to provide notice of possible timber yield tax liability to persons who might acquire title to felled or downed timber from a person or agency exempt from property taxation.

Rule 1027 is the proposed alternative reporting method for U.S. Forest Service timber sale contract holders, authorized by Statutes 1979, Chapter 563, in effect September 10, 1979, which amended Section 38101 of the Revenue and Taxation Code.

Written comments with respect to the notice are welcome and should be directed to the undersigned. If you wish to testify at the hearing, please notify me by mail at the above address or by telephone (916) 445-6479, at least ten days prior to the date of the hearing.

Sincerely,

  
Janice Masterton  
Calendar Clerk

JM:ms  
Attachment

NOTICE OF PROPOSED CHANGES IN THE REGULATIONS  
OF THE STATE BOARD OF EQUALIZATION

Notice is hereby given that the State Board of Equalization, pursuant to the authority vested in Section 15606 of the Government Code and Sections 38109, 38204, and 38701 of the Revenue and Taxation Code and to implement, interpret and make specific Chapters 1, 2, 3, 4 and 8, Part 18.5, Division 2 of the Revenue and Taxation Code proposes to adopt and amend regulations in Subchapter 11, Chapter 1, Title 18 of the California Administrative Code, as follows:

(1) Amend Regulation 1022 to read:

1022. Standard Unit of Measure.

(a) GENERAL. In determining quantities of timber for purposes of the timber yield tax the Scribner Decimal C Log Rule based on a maximum scaling length of 20 feet (Scribner Decimal C (Short Log) Scale) shall be used as the standard board foot log rule for timber that is measurable by the net board foot method. This standard board foot log rule for such timber is to be used in all instances, except that in those rare instances when circumstances preclude the use of this standard board foot log rule for such timber, conversion factors as specified herein shall be employed for reporting harvested timber originally scaled using other than the standard board foot log rule.

Timber that is not normally scaled by the net board foot method shall be measured using the unit commonly employed by those dealing with the wood products to which the timber is to be converted, e.g.

<u>INTENDED WOOD PRODUCT</u>	<u>MEASUREMENT UNIT</u>
Fuel Wood	Cord
Christmas trees, poles and pilings	Lineal foot
Chip wood	Gross scale of useable wood

(b) **DEFINITIONS.** When used in this section the terms board foot and board foot log rule shall have the following meaning:

(1) Board foot - a solid piece of wood, 12 inches wide, 12 inches long and 1 inch thick.

(2) Board foot log rule - a method for estimating the volume in board feet of a log with a known diameter and length.

(c) **CONVERSION FACTORS.** When board foot volumes are not scaled using the standard board foot log rule the following factors shall be used to convert the scale employed to the standard scale.

(1) The Humboldt Log Scale shall be converted to gross Scribner Log Decimal C (Short Log) Scale by the application of a multiplier factor of 1.45. The actual defect in board feet as determined by the difference between that scale and the mill tally records shall be deducted from the gross Scribner scale. Until January 1, 1978, the Humboldt Log Scale when applied to old growth redwood shall be converted to net Scribner Log Decimal C (Short Log) Scale by the application of a multiplier factor of 1.15.

(2) The Spaulding Log Scale (Short Log) shall be converted to Scribner Log Decimal C (Short Log) Scale by the application of a multiplier factor of 1.02.

(3) When logs harvested in California are scaled outside California, and only when circumstances preclude the use of the Scribner Decimal C Log Rule based on a maximum scaling length of 20 feet (Scribner Decimal C (Short Log) Scale), the Scribner Decimal C Log Rule volumes attributable to long log scaling shall be converted to Scribner Decimal C (Short Log) Scale by the application of a multiplier factor of 1.20.

(2) Add Regulation 1026 to read:

1026. Timber Owner.

Exempt person or agency. The timber yield tax and the timber reserve fund tax are imposed not only on every timber owner who harvests his timber or causes it to be harvested but also on every timber owner of felled or downed timber who acquires title to such felled or downed timber in the state from a person or agency exempt from property taxation under the Constitution or laws of the United States or under the Constitution or laws of the State of California. In some instances, such timber owners may acquire title to felled or downed timber directly from the exempt person or agency. In other instances, however, such timber owners may acquire title to felled or downed timber from an exempt person or agency which itself has previously acquired title to the timber from another exempt person or agency.

Where timber owners of felled or downed timber have acquired title to the timber in the state from an exempt person or agency, "first person who acquires either the legal title or beneficial title to timber after it has been felled" means the first non-exempt person who acquires such title from an exempt person or agency, and such a person is a timber owner liable for applicable timber yield taxes (e.g., where the person initially felling timber is exempt from property taxation and the person acquiring the felled timber is also exempt from property taxation, the first non-exempt person who thereafter acquires title to the felled timber is liable for applicable timber yield taxes).

(3) Add Regulation 1027 to read:

1027. U. S. Forest Service Timber Volumes.

(a) General. U. S. Forest Service timber sale contract holders shall report timber volumes harvested as hereinafter provided.

(b) Scaled Volume Billings. The Timber Sale Statement of Account (TSSA) is the basis for most U. S. Forest Service billing statements. Timber volumes shall be reported for the quarters reflected by the Timber Sale Statements of Account (e.g., April, May, and June, 1980 TSSA volumes shall be reported for the second quarter of 1980).

(c) Lump-Sum Billings. Timber volumes actually harvested, regardless of the volume purchased from, and billed for by the U. S. Forest Service, shall be reported for the quarters in which scaled. Timber sale contract holders must get and retain scaling data for such volumes.

(d) Other Methods of Reporting. Timber harvested pursuant to U. S. Forest Service timber sale contracts may be reported on a basis other than (b) or (c), above, only if a written description of the reporting basis to be used is submitted to and is authorized by the Timber Tax Division prior to the due date of the return and prior to reporting.

Notice is also given that any person interested may present statements or arguments orally or in writing relevant to the action proposed, at Room 102, 1020 N Street, Consumer Affairs Building, Sacramento, CA 95814, at 2:00 p.m., on June 25, 1980. The State Board of Equalization, upon its own motion or at the instance of any interested person may thereafter adopt the above proposal substantially as above set forth without further notice.

Note: The State Board of Equalization has determined these regulations involve no cost or savings to local, state, or federal governments under Section 11424 of the Government Code.

Dated: April 17, 1980

State Board of Equalization



Douglas D. Bell  
Executive Secretary